

# *Township of Emmett*

**St. Clair County, Michigan**

Audited Financial Report  
March 31, 2005

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

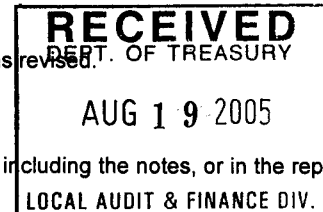
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Emmett Township</b>	County <b>St. Clair</b>
Audit Date <b>5/10/05</b>	Opinion Date <b>5/10/05</b>	Date Accountant Report Submitted to State: <b>5/23/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

**Lehn L. King, C.P.A.**

Street Address

**3531 Main Street**

City

**Marlette**

State

**MI**

ZIP

**48453**

Accountant Signature

Date

**5/19/05**

**Township of Emmett**  
Annual Financial Report  
For The Fiscal Year Ended March 31, 2005

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LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

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Fax 989-635-5580

Members of the Township Board  
**Township of Emmett**  
St. Clair County, Michigan

**Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Emmett, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Emmett, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Emmett, Michigan as of March 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Emmett, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.

*Lehn King*

Lehn L. King  
Certified Public Accountant

May 10, 2005

# Township of Emmett

## Emmett, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Emmett's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements.

#### Financial Highlights

The Township is in a good financial position with a General Fund Balance of \$247,721.

However, the Township budget for the upcoming year could experience expenditures exceeding the revenues, thus, using up some of the current fund balance. The State anticipates cutting State Shared Revenues and costs for Fire Protection, Road Maintenance, Insurance and other Township activities are rising. So even though the Township is in stable financial position, good financial planning is necessary for the future years.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

#### The Township as a Whole

The Township of Emmett's fund balances are as follows:

	<u>March 31,</u> <u>2005</u>	<u>March 31,</u> <u>2004</u>
General Fund	\$ 247,720	\$ 242,481
Parks & Recreation Fund	8,217	3,022
Building Inspection Fund	20,283	15,447
Building Construction Debt Service Fund	17,734	28,924
Bryce Road Special Assessment Debt Service Fund	9,916	12,265
Total for Township	<u>\$ 303,870</u>	<u>\$ 302,139</u>

# Township of Emmett

## Emmett, Michigan

### Governmental Activities

The Township of Emmett's Revenues and Expenditures can be summarized as follows:

				Debt Service		
	General	Park &	Building	Building	Bryce Road	Total
	Fund	Recreation	Inspection	Construction	Special	Governmental
		Fund	Fund	Fund	Assessment	Activities
					Fund	
<b>Fund Balance - Beginning of Year</b>	\$ 242,481	\$ 3,022	\$ 15,447	\$ 28,924	12,265	\$ 302,139
<b>Revenue Collected</b>						
Intergovernmental Revenue	150,448	8,147	-	-	-	158,595
Property Taxes	70,304	-	-	-	-	70,304
Charges for Services	10,832	-	37,140	-	6,845	54,817
Transfers	-	-	868	-	11,832	12,700
Other	8,361	-	55	132	56	8,604
<b>Total Revenue Collected</b>	<u>239,945</u>	<u>8,147</u>	<u>38,063</u>	<u>132</u>	<u>18,733</u>	<u>305,020</u>
<b>Expenditures</b>						
General Government	115,674	-	-	-	-	115,674
Public Safety	45,886	-	33,227	-	-	79,113
Public Works	50,934	-	-	-	-	50,934
Recreation & Culture	-	2,952	-	-	-	2,952
Other Functions	5,906	-	-	-	-	5,906
Capital Outlay	3,605	-	-	11,323	-	14,928
Debt Service	-	-	-	-	21,082	21,082
Transfers	12,700	-	-	-	-	12,700
<b>Total Expenditures</b>	<u>234,705</u>	<u>2,952</u>	<u>33,227</u>	<u>11,323</u>	<u>21,082</u>	<u>303,289</u>
<b>Fund Balance - End of Year</b>	<u>\$ 247,721</u>	<u>\$ 8,217</u>	<u>\$ 20,283</u>	<u>\$ 17,733</u>	<u>9,916</u>	<u>\$ 303,870</u>

# Township of Emmett

## Emmett, Michigan

### Economic Factors and Next Year's Budget and Rates

The Township of Emmett's 2005/2006 adopted budget is as follows:

	Debt Service				
	General Fund	Park & Recreation Fund	Building Inspection Fund	Building Construction Fund	Bryce Road Special Assessment Fund
<b>Revenue</b>					
Intergovernmental Revenue	153,047	8,200	-	-	-
Property Taxes	87,378	-	-	-	-
Charges for Services	10,000	-	51,500	-	-
Other	12,500	-	50	-	-
Total Revenue Collected	262,925	8,200	51,550	-	-
<b>Expenditures</b>					
General Government	131,003	-	-	-	-
Public Safety	50,500	-	35,450	-	-
Public Works	57,500	-	-	-	-
Recreation & Culture	-	4,100	-	-	-
Other Functions	7,000	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service	-	-	-	-	-
Transfers	13,230	-	-	-	-
Total Expenditures	259,233	4,100	35,450	-	-
<b>Net Over/Under Budget</b>	<u>\$ 3,692</u>	<u>\$ 4,100</u>	<u>\$ 16,100</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance Available</b>	<u>\$ 247,721</u>	<u>\$ 8,217</u>	<u>\$ 20,283</u>	<u>\$ 17,733</u>	<u>\$ 9,916</u>

The Township of Emmett's General Fund budget for next year is approximately the same budget as a year ago.

### Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 11100 Dunnigan Road, Emmett, Michigan or by telephone at (810) 384-8070.

Owen Kean  
Township of Emmett Supervisor

**Township of Emmett**  
Statement of Net Assets (Deficit)  
March 31, 2005

	<u>Primary Government Governmental Activities</u>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 312,737.90
Property Tax Receivable	5,385.52
Special Assessment Receivable	29,249.57
Due From Other Funds	3.51
Capital Assets (Net of Accumulated Depreciation)	<u>147,957.00</u>
Total Assets	495,333.50
<b><u>Liabilities</u></b>	
Accrued Payroll Taxes	\$ 1,899.16
Due To Other Funds	12,357.27
Current Portion of Long-Term Debt	16,431.00
Long-Term Debt	<u>98,591.00</u>
Total Liabilities	<u>129,278.43</u>
<b>Net Assets (Deficit)</b>	
Invested in Capital Assets - Net of Related Debt	32,935.00
Restricted for Debt Service	9,915.61
Restricted for Hall Construction	17,733.59
Unrestricted	<u>305,470.87</u>
Total Net Assets (Deficit)	<u><u>\$ 366,055.07</u></u>

The notes are an integral part of the statements.



# Township of Emmett

Statement of Activities  
For the Year Ended March 31, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue & Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Primary Government:					Primary Governmental Activities
Governmental Activities:					
General Government	\$ 125,642.49	\$ 10,832.27	\$ -	\$ -	\$ (114,810.22)
Public Safety	79,113.55	37,140.39	-	-	(41,973.16)
Public Works	50,934.24	-	-	-	(50,934.24)
Recreation & Culture	4,441.46	-	-	-	(4,441.46)
Interest on Long-Term Debt	4,650.62	-	-	-	(4,650.62)
Total Governmental Activities	\$ 264,782.36	\$ 47,972.66	\$ -	\$ -	(216,809.70)
General Revenues:					
Property Taxes					\$ 70,303.60
State Shared Revenues					158,595.32
Interest					2,070.86
Other Revenues					6,532.11
Transfers					-
Total General Revenues, Special Items & Transfers					237,501.89
Change in Net Assets					20,692.19
Net Assets (Deficit) - Beginning of Year					345,362.88
Net Assets (Deficit) - End of Year					\$ 366,055.07

The notes are an integral part of the statements.

# Township of Emmett

Governmental Funds

Balance Sheet

March 31, 2005

	General Fund	Building Inspection Fund	Parks & Recreation Fund	Building Construction Debt Service Fund	Bryce Rd Debt Service Fund	Totals Governmental Funds
<b>Assets</b>						
Cash & Certificates of Deposit	\$ 256,587.94	\$ 20,283.42	\$ 8,217.34	\$ 17,733.59	\$ 9,915.61	\$ 312,737.90
Property Taxes Receivable	5,385.52	-	-	-	-	5,385.52
Due From Other Funds	3.51	-	-	-	-	3.51
<b>Total Assets</b>	<b>\$ 261,976.97</b>	<b>\$ 20,283.42</b>	<b>\$ 8,217.34</b>	<b>\$ 17,733.59</b>	<b>\$ 9,915.61</b>	<b>\$ 318,126.93</b>
<b>Liabilities &amp; Fund Equity</b>						
<b>Liabilities</b>						
Accrued Payroll Taxes	\$ 1,899.16	\$ -	\$ -	\$ -	\$ -	\$ 1,899.16
Due To Other Funds	12,357.27	-	-	-	-	12,357.27
<b>Total Liabilities</b>	<b>14,256.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,256.43</b>
<b>Fund Equity</b>						
Fund Balances						
- Designated for Debt Service	-	-	-	-	9,915.61	9,915.61
- Designated for Hall Construction	-	-	-	17,733.59	-	17,733.59
- Unreserved & Undesignated	247,720.54	20,283.42	8,217.34	-	-	276,221.30
<b>Total Fund Balances</b>	<b>247,720.54</b>	<b>20,283.42</b>	<b>8,217.34</b>	<b>17,733.59</b>	<b>9,915.61</b>	<b>303,870.50</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 261,976.97</b>	<b>\$ 20,283.42</b>	<b>\$ 8,217.34</b>	<b>\$ 17,733.59</b>	<b>\$ 9,915.61</b>	<b>\$ 318,126.93</b>

The notes are an integral part of the statements.

**Township of Emmett**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended March 31, 2005

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 303,870.50</b>
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Amounts reported for Governmental Activities in the Statement of  
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	147,957.00
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Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	29,249.57
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Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	(115,022.00)
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Accrued Interest Payable is not reported in the Funds	<u>-</u>
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<b>Net Assets of Governmental Activities</b>	<b><u>\$ 366,055.07</u></b>
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The notes are an integral part of the statements.

# Township of Emmett

Governmental Funds  
Statement of Revenues, Expenditures, And Changes  
in Fund Balances  
For The Year Ended March 31, 2005

<u>Revenues</u>	<u>General Fund</u>	<u>Building Inspection Fund</u>	<u>Parks &amp; Recreation Fund</u>	<u>Building Construction Debt Service Fund</u>	<u>Bryce Rd Debt Service Fund</u>	<u>Totals Governmental Funds</u>
Property Taxes	\$ 70,303.60	\$ -	\$ -	\$ -	\$ -	\$ 70,303.60
State Shared Revenue	150,448.00	-	8,147.32	-	-	158,595.32
Charges for Services	10,832.27	-	-	-	-	10,832.27
Permits & Fees	-	37,140.39	-	-	-	37,140.39
Special Assessments	-	-	-	-	6,845.59	6,845.59
Interest Earnings	1,842.65	55.35	-	131.20	41.66	2,070.86
Other Revenues	6,518.39	-	-	1.00	12.72	6,532.11
<u>Total Revenues</u>	<u>239,944.91</u>	<u>37,195.74</u>	<u>8,147.32</u>	<u>132.20</u>	<u>6,899.97</u>	<u>292,320.14</u>
<u>Expenditures</u>						
General Government	115,674.86	-	-	-	-	115,674.86
Public Safety	45,886.22	33,227.33	-	-	-	79,113.55
Publics Works	50,934.24	-	-	-	-	50,934.24
Recreation & Culture	-	-	2,952.46	-	-	2,952.46
Other Functions	5,905.63	-	-	-	-	5,905.63
Capital Outlay	3,605.00	-	-	11,323.00	-	14,928.00
Debt Service - Principal	-	-	-	-	16,431.00	16,431.00
Debt Service - Interest	-	-	-	-	4,650.62	4,650.62
<u>Total Expenditures</u>	<u>222,005.95</u>	<u>33,227.33</u>	<u>2,952.46</u>	<u>11,323.00</u>	<u>21,081.62</u>	<u>290,590.36</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	17,938.96	3,968.41	5,194.86	(11,190.80)	(14,181.65)	1,729.78
<u>Other Financing Sources (Uses)</u>						
Operating Transfers In (Out)	(12,699.62)	867.62	-	-	11,832.00	-
<b>Net Change in Fund Balances</b>	5,239.34	4,836.03	5,194.86	(11,190.80)	(2,349.65)	1,729.78
<u>Fund Balances - Beginning of Year</u>	242,481.20	15,447.39	3,022.48	28,924.39	12,265.26	302,140.72
<u>Fund Balances - End of Year</u>	<u>\$ 247,720.54</u>	<u>\$ 20,283.42</u>	<u>\$ 8,217.34</u>	<u>\$ 17,733.59</u>	<u>\$ 9,915.61</u>	<u>\$ 303,870.50</u>

The notes are an integral part of the statements.

**Township of Emmett**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended March 31, 2005

**Net Change in Fund Balances - Total Governmental Funds** **\$ 1,729.78**

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;  
in the Statement of Activities, these costs are capitalized and  
allocated over their estimated useful lives as Depreciation 14,928.00

Special assessment revenues are recorded in the statement of activities  
when the assessment is set; they are not reported in the funds until  
collected or collectible within 60 days of year end (6,845.59)

Repayment of Bond Principal is an Expenditure in the Governmental  
Funds, but not in the Statement of Activities (where it  
reduces Long-Term Debt) 16,431.00

Interest Expense is reported in the Statement of Activities  
when a Liability is incurred; they are reported in the  
Governmental Funds only when payment is due -

Depreciation is an Expenditures for the Statement of  
Activities, but is not reported in the Governmental Funds (5,551.00)

**Net Assets of Governmental Activities** **\$ 20,692.19**

The notes are an integral part of the statements.

**Township of Emmett**  
Statement of Net Assets (Deficit)  
Fiduciary Funds  
March 31, 2005

	Fiduciary Fund Types		
	Agency Funds		
	Trust & Agency Fund	Current Tax Collection Fund	Totals March 31, 2005
<u>Assets</u>			
Cash - Savings & Certificates	\$ 11,682.73	\$ 3.51	\$ 11,686.24
Due From Other Funds	12,357.27	-	12,357.27
<u>Total Assets</u>	<u>\$ 24,040.00</u>	<u>\$ 3.51</u>	<u>\$ 24,043.51</u>
<u>Liabilities &amp; Fund Balance</u>			
<u>Liabilities</u>			
Due To Other Funds	\$ -	\$ 3.51	\$ 3.51
Due To Others	24,040.00	-	24,040.00
<u>Total Liabilities</u>	<u>24,040.00</u>	<u>3.51</u>	<u>24,043.51</u>
<u>Fund Balances</u>			
Unreserved & Undesignated	-	-	-
<u>Total Fund Balances</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities &amp; Fund Balances</u>	<u>\$ 24,040.00</u>	<u>\$ 3.51</u>	<u>\$ 24,043.51</u>

The notes are an integral part of the statements.

**Township of Emmett**  
Notes to the Financial Statements  
For The Year Ended March 31, 2005

The accounting methods and procedures adopted by the Township of Emmett, St. Clair County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Park & Recreation Fund** - The fund accounts for the general maintenance and operations of the Township park. Fund is provided primarily through the County Shared Millage disbursed annually.

**Building Inspection Fund** - The fund is setup for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

**Building Construction Debt Service Fund** - This fund accounts for the payment on the debt for the construction of the township hall. Funding was provided primarily through a millage for the construction of the township hall.

**Bryce Road Special Assessment Debt Service Fund** - The fund accounted for the construction of Bryce Road. Funding was provided from a special assessment.

**Township of Emmett**  
Notes to the Financial Statements  
For The Year Ended March 31, 2005

Additionally, the Township reports the following fund types:

**Trust & Agency Funds** - The Trust & Agency Fund accounts for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, or other governments.

**Current Tax Collection Fund** - The fund accounts for the collection and disbursement of taxes.

**Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due to and Due From Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.



**Township of Emmett**  
Notes to the Financial Statements  
For The Year Ended March 31, 2005

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Accounting Changes**

**GASB Statement No. 34** - Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

**Township of Emmett**  
Notes to the Financial Statements  
For The Year Ended March 31, 2005

**2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Council as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the Special Revenue Funds are presented in the required supplemental information.

During the year ended March 31, 2005, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>General Fund</u>	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
Public Safety	\$ 45,678	\$ 45,886	\$ 208
Building Inspection Fund	14,500	17,646	3,146
Electrical Inspection	3,500	4,845	1,345
Mechanical & Plumbing	8,500	10,637	2,137

During the year ended March 31, 2005, budgets were not adopted for the following funds:  
2 Debt Service Funds

**3. Cash and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

**Township of Emmett**  
Notes to the Financial Statements  
For The Year Ended March 31, 2005

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary - Trust &amp; Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 312,738	\$ 0	\$ 11,686	\$ 324,424

The Township's deposits are in accordance with statutory authority. As of March 31, 2005, the balance sheet carrying amount of cash deposits was \$324,428. The bank balance as of March 31, 2005, was \$324,428, of which \$200,000 was covered by FDIC insurance.

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

	<u>Category</u>			<u>Carrying Value</u>	<u>Market Value</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>		
Certificates of Deposit	\$ 62,813	\$ -	\$ -	\$ 62,813	\$ 62,813
U.S. Government Securities	-	-	-	-	-
Total Investments	<u>\$ 62,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,813</u>	<u>\$ 62,813</u>

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

#### 4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and may be paid by the following February 14.

The Township levied the following taxes:

General Government Services . 8081 mills

**Township of Emmett**  
Notes to the Financial Statements  
For The Year Ended March 31, 2005

**5. Capital Assets**

Capital Assets activity of the Township's governmental activities (and business-type) was as follows:

	Balance April 1, 2004	Additions	Disposals & Adjustments	Balance March 31, 2005
<b>Governmental Activities:</b>				
Capital Assets Being Depreciated:				
Buildings & Improvements	\$ 127,000	\$ 11,323	\$ 0	\$ 138,323
Recreation Equipment	29,787	0	0	29,787
Office Equipment	0	3,605	0	3,605
Total Capital Assets being Depreciated	156,787	14,928	0	171,715
Accumulated Depreciation:				
Buildings & Improvements	17,462	3,461	0	20,923
Recreation Equipment	745	1,489	0	2,234
Office Equipment	0	601	0	601
Total Accumulated Depreciation	18,207	5,551	0	23,758
<b>Net Capital Assets</b>	<b>\$ 138,580</b>	<b>\$ 9,377</b>	<b>\$ 0</b>	<b>\$ 147,957</b>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 4,062
Recreation & Culture	1,489
Total Governmental Activities	<u>\$ 5,551</u>

**6. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**7. Comparative Data**

Comparative total data for the prior year has not been presented.

**8. Long -Term Debt**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Bryce Road Project						
Amount of Issue - \$197,215	3.4% -					
Maturing through 2012	4.00%	\$16,431	\$ 115,020	\$ (16,431)	\$ 98,589	\$ 16,431
<b>Total Governmental Activities</b>			<u>\$ 115,020</u>	<u>\$ (16,431)</u>	<u>\$ 98,589</u>	<u>\$ 16,431</u>

**Township of Emmett**  
Notes to the Financial Statements  
For The Year Ended March 31, 2005

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending March 31,	Governmental Activities		
	Principal	Interest	Total
2006	\$ 16,431	\$ 3,680	\$ 20,111
2007	16,431	3,245	19,676
2008	16,431	2,785	19,216
2009	16,431	1,643	18,074
2010	16,431	986	17,417
2011-2015	16,431	329	16,760
<b>Total</b>	<b>\$ 98,586</b>	<b>\$ 12,668</b>	<b>\$ 111,254</b>

**9. Post Employment Benefits**

The Township does not provide any post employment benefits other than the deferred compensation benefits.

**10. Deferred Compensation Plan**

Employees of the Township may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect To Service For State and Local Governments).

The deferred compensation plan is available to various employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan is administered by an unrelated financial institution.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Plans are administered by Nationwide Retirement Solutions (Nationwide). The assets and liabilities held by Nationwide are reported at market value in the Deferred Compensation Agency Fund. The total amount payable to plan participants is reported as deferred compensation payable.

**Required Supplemental Information**

**Township of Emmett**  
Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended March 31, 2005

<b>General Fund</b>				
	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 95,590.00	\$ 95,590.00	\$ 70,303.60	\$ (25,286.40)
State Shared Revenues	153,634.00	153,634.00	150,448.00	(3,186.00)
Charges for Services	8,500.00	8,500.00	10,832.27	2,332.27
Interest Earnings	2,000.00	2,000.00	1,842.65	(157.35)
Other Revenues	2,200.00	2,200.00	6,518.39	4,318.39
<b><u>Total Revenues</u></b>	<u>261,924.00</u>	<u>261,924.00</u>	<u>239,944.91</u>	<u>(21,979.09)</u>
<b><u>Expenditures</u></b>				
<b>General Government</b>				
Township Board	2,100.00	2,100.00	1,785.00	315.00
Administration	19,500.00	21,000.00	20,350.26	649.74
Clerk	12,000.00	12,000.00	12,000.00	-
Treasurer	13,000.00	13,000.00	12,999.96	0.04
Supervisor	10,000.00	10,000.00	9,999.96	0.04
Assessor	20,000.00	23,400.00	19,606.96	3,793.04
Elections	2,200.00	2,875.00	2,855.78	19.22
Professional Services	8,500.00	18,500.00	12,985.94	5,514.06
Board of Review	1,500.00	1,500.00	1,153.92	346.08
Township Hall Expense	16,200.00	17,000.00	14,970.08	2,029.92
Insurance & Bonds	7,200.00	7,200.00	6,967.00	233.00
<b><u>Total General Government</u></b>	<u>112,200.00</u>	<u>128,575.00</u>	<u>115,674.86</u>	<u>12,900.14</u>
<b>Public Safety</b>				
Planning & Zoning	2,300.00	2,500.00	2,720.00	(220.00)
Law Enforcement	2,000.00	2,240.00	2,240.04	(0.04)
Fire Protection	39,040.00	40,238.18	40,238.18	-
Board of Appeals	700.00	700.00	688.00	12.00
<b><u>Total Public Safety</u></b>	<u>44,040.00</u>	<u>45,678.18</u>	<u>45,886.22</u>	<u>(208.04)</u>
<b>Public Works</b>				
Roads & Drains	49,500.00	47,400.00	44,004.24	3,395.76
Sanitation	8,500.00	8,500.00	6,930.00	1,570.00
Land Split Officer	400.00	200.00	-	200.00
<b><u>Total Public Works</u></b>	<u>58,400.00</u>	<u>56,100.00</u>	<u>50,934.24</u>	<u>5,165.76</u>
<b>Other Functions</b>	8,000.00	9,000.00	5,905.63	3,094.37
<b>Miscellaneous</b>	3,100.00	5,200.00	-	5,200.00
<b>Capital Outlay</b>	4,000.00	4,000.00	3,605.00	395.00
<b><u>Total Expenditures</u></b>	<u>229,740.00</u>	<u>248,553.18</u>	<u>222,005.95</u>	<u>26,547.23</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	32,184.00	13,370.82	17,938.96	4,568.14
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In (Out)	(14,000.00)	(14,000.00)	(12,699.62)	1,300.38
<b>Excess of Revenues &amp; Operating Transfers In Over (Under) Expenditures &amp; Operating Transfers Out</b>	18,184.00	(629.18)	5,239.34	5,868.52
<b><u>Fund Balance - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>242,481.20</u>	<u>242,481.20</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ 18,184.00</u>	<u>\$ (629.18)</u>	<u>\$ 247,720.54</u>	<u>\$ 248,349.72</u>

**Township of Emmett**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Building Inspection  
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Inspections & Permits	\$ 36,000.00	\$ 36,000.00	\$ 37,140.39	\$ 1,140.39
Interest	15.00	15.00	55.35	40.35
Other Revenues	-	-	-	-
<b><u>Total Revenues</u></b>	<u>36,015.00</u>	<u>36,015.00</u>	<u>37,195.74</u>	<u>1,180.74</u>
<b><u>Expenditures</u></b>				
Building Inspection	14,500.00	14,500.00	17,646.11	(3,146.11)
Electrical Inspection	3,500.00	3,500.00	4,844.94	(1,344.94)
Mechanical & Plumbing	8,500.00	8,500.00	10,637.50	(2,137.50)
Administration	3,700.00	3,700.00	98.78	3,601.22
Miscellaneous	1,000.00	1,000.00	-	1,000.00
<b><u>Total Expenditures</u></b>	<u>31,200.00</u>	<u>31,200.00</u>	<u>33,227.33</u>	<u>(2,027.33)</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>4,815.00</u>	<u>4,815.00</u>	<u>3,968.41</u>	<u>(846.59)</u>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	867.62	(867.62)
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<u>4,815.00</u>	<u>4,815.00</u>	<u>4,836.03</u>	<u>21.03</u>
<b><u>Fund Balances - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>15,447.39</u>	<u>15,447.39</u>
<b><u>Fund Balances - End of Year</u></b>	<u>\$ 9,630.00</u>	<u>\$ 9,630.00</u>	<u>\$ 20,283.42</u>	<u>\$ 15,468.42</u>



**Township of Emmett**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Parks & Recreation  
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Park Mills	\$ 8,300.00	\$ 8,300.00	\$ 8,147.32	\$ (152.68)
<b><u>Total Revenues</u></b>	<u>8,300.00</u>	<u>8,300.00</u>	<u>8,147.32</u>	<u>(152.68)</u>
<b><u>Expenditures</u></b>				
Port-a-John Expense	1,200.00	1,200.00	625.00	575.00
Repairs & Maintenance	2,500.00	2,500.00	2,327.46	172.54
Miscellaneous	300.00	300.00	-	300.00
<b><u>Total Expenditures</u></b>	<u>300.00</u>	<u>300.00</u>	<u>2,952.46</u>	<u>300.00</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>8,000.00</u>	<u>8,000.00</u>	<u>5,194.86</u>	<u>(2,805.14)</u>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<u>8,000.00</u>	<u>8,000.00</u>	<u>5,194.86</u>	<u>(2,805.14)</u>
<b><u>Fund Balances - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>3,022.48</u>	<u>3,022.48</u>
<b><u>Fund Balances - End of Year</u></b>	<u>\$ 8,000.00</u>	<u>\$ 8,000.00</u>	<u>\$ 8,217.34</u>	<u>\$ 217.34</u>

**Township of Emmett**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Building Construction Debt Service Fund  
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Interest	\$ -	\$ -	\$ 131.20	\$ 131.20
Miscellaneous	-	-	1.00	1.00
<b><u>Total Revenues</u></b>	<u>-</u>	<u>-</u>	<u>132.20</u>	<u>132.20</u>
<b><u>Expenditures</u></b>				
Capital Outlay	-	-	11,323.00	(11,323.00)
<b><u>Total Expenditures</u></b>	<u>-</u>	<u>-</u>	<u>11,323.00</u>	<u>(11,323.00)</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	-	-	(11,190.80)	(11,190.80)
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	-	-	(11,190.80)	(11,190.80)
<b><u>Fund Balances - Beginning of Year</u></b>	-	-	28,924.39	28,924.39
<b><u>Fund Balances - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,733.59</u>	<u>\$ 17,733.59</u>

**Township of Emmett**  
Required Supplemental Information  
Budgetary Comparison Schedule  
Bryce Road Debt Service Fund  
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Special Assessments	\$ -	\$ -	\$ 6,845.59	\$ 6,845.59
Interest	-	-	41.66	41.66
Other Income	-	-	12.72	12.72
<b><u>Total Revenues</u></b>	<u>-</u>	<u>-</u>	<u>6,899.97</u>	<u>6,899.97</u>
<b><u>Expenditures</u></b>				
Debt Service - Principal	-	-	16,431.00	(16,431.00)
Debt Service - Interest	-	-	4,650.62	(4,650.62)
<b><u>Total Expenditures</u></b>	<u>-</u>	<u>-</u>	<u>21,081.62</u>	<u>(21,081.62)</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>-</u>	<u>-</u>	<u>(14,181.65)</u>	<u>(14,181.65)</u>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	11,832.00	(11,832.00)
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<u>-</u>	<u>-</u>	<u>(2,349.65)</u>	<u>(2,349.65)</u>
<b><u>Fund Balances - Beginning of Year</u></b>	<u>-</u>	<u>-</u>	<u>12,265.26</u>	<u>12,265.26</u>
<b><u>Fund Balances - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,915.61</u>	<u>\$ 9,915.61</u>

**Other Supplemental Information**

**Emmett Township**  
Other Supplemental Information  
Schedule of Indebtedness  
March 31, 2005

**St. Clair County Road Commission**

Dated February 1, 2002  
Original Issue \$197,215

Interest Rate	Date of Maturity	Principal Outstanding March 31,		Annual Interest Payable
		2005	2004	
3.40%	08/01/05	\$ -	\$ 16,432	\$ 1,955
3.50%	02/01/06	-	-	1,725
3.50%	08/01/06	16,432	16,432	1,725
3.70%	02/01/07	-	-	1,520
3.70%	08/01/07	16,432	16,432	1,520
3.85%	02/01/08	-	-	1,265
3.85%	08/01/08	16,432	16,432	1,265
4.00%	02/01/09	-	-	986
4.00%	08/01/09	16,432	16,432	986
4.00%	02/01/10	-	-	657
4.00%	08/01/10	16,432	16,432	657
4.00%	02/01/11	-	-	329
4.00%	08/01/11	16,432	16,432	329
<b><u>Total General Obligation Bonds</u></b>		<b>\$ 98,589</b>	<b>\$ 115,021</b>	<b>\$ 14,920</b>

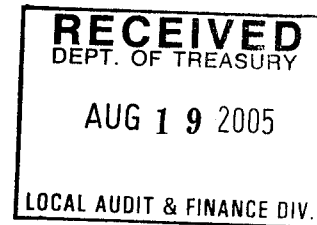
LEHN L. KING  
CERTIFIED PUBLIC ACCOUNTANT

Phone 989-635-3113  
Fax 989-635-5580

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

May 10, 2005

Members of the Township Board  
Township of Emmett  
St. Clair County, Michigan



In accordance with your request, I have made an examination of the financial statements of Township of Emmett for the fiscal year ended March 31, 2005. During the course of my examination the following items came to my attention:

1. A listing of the security deposit payables should be maintained so that the total of the list will match the deposits payable in the Quickbooks system. This could be done in the Quickbooks system.
2. Per P.A. 621 of 1968, the board does not have authorization to spend monies that exceed the budget. The budget must be amended prior to it being exceeded. Amendments to the budget must be detailed as to the increase and decrease amount of each line item being changed. Also, a budget needs to be adopted for the Bryce Road Debt Service Fund and the Building Construction Debt Service Fund. Each of the Township's funds should have its own, separate adopted budget.

From an overall viewpoint, the Township of Emmett is in good financial condition, and the financial records maintained by the Township Clerk are in good order.

I thank the Township officials for the cooperation I received in the completion of this examination.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant